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Outlook for U.S. Farm Exports in 1974 and 1975

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Dyeing of fabrics is controlled with electronic precision at Yokkaichi factory in the Mie Prefecture, Japan. Technician in dyeing control chamber can make fine adjustments to maintain quality. Energy shortage may bring some cutbacks in Japanese textile production. Article begins on page 5.

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U.S. Farm Exports in Fiscal 1974 Seen Heading for $20 Billion

IN FISCAL 1974 U.S. farm exports are headed for a record-breaking $20 billion value, almost $1 billion higher than the previous estimate prepared in November and $7 billion above a year ago. Higher prices, together with increased volume, account for the gain.

The favorable U.S. trade balance will be increased to a record of about $10.5 billion—nearly double that of last year's $5.6 billion—despite a larger-than-expected $9.5 billion worth of agricultural imports in this fiscal year.

The substantial rise in U.S. agricultural exports will help to offset the rising cost of U.S. imports of nonfarm products, especially petroleum products.

The nearly $1 billion increase since the November estimate has come about by larger exports of wheat, vegetables, nuts, livestock and livestock products, poultry products, tobacco, and sugar and related products. Prices also are expected to be higher for many products.

Overall, the export volume of the major bulk commodities is expected to exceed last year's record of 92 million metric tons by about 3 million tons. Higher prices will account for 90 percent of the overall increase in agricultural exports during the current fiscal year.

But prices of most agricultural products will be considerably below the peak levels that occurred in the late summer of 1973. Export prices measured by the export unit value index during July-December averaged about 60 percent above the level of a year earlier. While prices could change substantially, average export prices may be up slightly from the levels of the first half of the current fiscal year.

Grain and feed exports are now expected to reach about $10.2 billion, accounting for over half of the gain in U.S. agricultural exports during the current fiscal year. The increase from the original estimate in November has come about by higher prices for some commodities and a 50-million-bushel increase in the wheat export estimate.

The volume of wheat exports is expected to total 1.2 billion bushels—slightly above last year's record of 1.188 billion and the estimate of 1.150 billion in November. Feedgrain exports are still estimated at 37.7 million metric tons including products, about 6 percent above a year earlier. With good crops now being harvested in the southern hemisphere countries, U.S. exports are expected to be somewhat below the July-December rate as these countries begin moving grain into export channels.

Rice exports, on the other hand, are expected to be down slightly from last year's 1.9 million metric tons. However, prices for 1973-74 will average substantially above last year's level. Overall, higher prices will account for approximately 90 percent of the increase in exports of grains and preparations.

Exports of **oilseeds and products** will reach about $4.8 billion, nearly a quarter of the total value of agricultural exports. This is an increase of about $1.3 billion over the level of last year. The increase is from higher prices and increased volume of exports of oilseeds and oilseed products other than soybeans. The export prospects for other oilseeds and products have improved recently because of strong world markets for oils and the current short supply of foreign peanuts and products.

Cotton exports during the current fiscal year are now expected to reach about 5.5 million bales, about 800,000 bales above last year. The tight supply situation and shortage of ocean transportation for cotton hampered shipments earlier in the season. However, because of an increase in prices brought on by the energy shortage and strong world demand, the value will be up 72 percent from the previous year's value of $755 million. Although foreign acreage and production of cotton will probably increase, consumption is likely to gain even more as result of shortages and high prices for manmade fibers.

Exports of **livestock and products** are now expected to total $1.5 billion, up about $300 million from last year's total. Substantial gain in demand for U.S. beef, variety meats, live animals, tallow, lard, and other products accounted for the expected gain. Also, prices of most meat and meat products have been somewhat higher than first anticipated.

Exports of **fruits, nuts, and preparations** should top the $1 billion mark for the first time, up slightly from the November estimate of $950 million. Higher prices because of a tight domestic supply are the principal reason for the increase in value. But foreign demand has been exceptionally strong.

Tobacco exports during the current fiscal year are expected to increase to more than $700 million, up one fourth from the previous year. Tobacco exports have been enhanced by the continued strong demand for high-quality U.S. tobacco, increased world demand, and somewhat smaller tobacco crops by other major suppliers in 1973. Also the realinement of currencies has made U.S. tobacco prices competitive in the major markets, such as Germany and Japan.

Exports of **dairy** products are expected to be $5 million above the estimate of $45 million in November, while **poultry** exports will be up about 15 percent to $140 million. **Sugar**, tropical products exports will gain somewhat more to about $285 million.

Western Europe. Exports to Western Europe in fiscal 1974 will total about $6 billion, up sharply from the $4.5 billion of a year earlier. Exports during the first half of fiscal 1974 totaled $3 billion, a gain of two-thirds over the year earlier, indicating the November estimate is about on target. Expansion in exports of grains, soybeans, and soybean products, along with higher prices will account for most of the gain. But fruits, meats, and cotton to Western Europe will also be up. Exports to the enlarged European Community may be about $4.6 billion—$1 billion more than a year earlier. Exports to these countries are likely to drop slightly in fiscal 1975 because of expected gains in grain production in Europe and a slowdown in economic growth brought on by the energy situation.

Eastern Europe. U.S. agricultural exports to the East European markets probably will total $900 million in the current fiscal year, double the 1972-73 level. Higher prices are estimated to account for $350 million of the $450 million increase in exports to the region.

The growth in U.S. oilmeal exports has been phenomenal—from 300,000 tons in 1968-69, to 900,000 in 1972-73, and to an estimated 1.6 million tons in the current year. The growing hog and poultry industries in Eastern Europe and the shortage of competing meals have been responsible for this rapid rise. Hog numbers in Poland, the major consumer of U.S. meal, have increased 50 percent in the past 3 years.

The outlook for U.S. agricultural exports to Eastern Europe indicates a decline in both volume and value in 1974-75. It is estimated that the USSR will increase its exports of grain (mostly wheat) to Eastern Europe by 2 million tons. U.S. grain exports are expected to be limited to about 2 million tons of feedgrains and, with lower prices, U.S. grain exports to Eastern Europe probably will decline by $150 million. The volume of U.S. oilmeal exports should continue at the current high level, but lower unit values probably will reduce U.S. sales by an additional $150 million. Assuming no change in U.S. exports of other commodities, exports to Eastern Europe are estimated at about $600 million in 1974-75.

USSR. The value of U.S. agricultural exports to the USSR is expected to decrease from the record $955 million in 1972-73 to an estimated $550 million in 1973-74. Also, given normal weather during the 1974 growing season, such exports may decrease further in 1974-75.

Record USSR agricultural output in 1973 has sharply reduced Soviet import

U.S. FARM EXPORT OUTLOOK FOR FISCAL 1975

U.S. agricultural exports in fiscal 1975 may fall slightly from the 1974 level to between $17 billion and $19 billion. Some of the recent developments pointing to a moderately lower level of U.S. exports are the petroleum shortage, reduced foreign exchange, an anticipated increase in world food production—especially grain—and generally lower prices.

The decrease will be based on a somewhat lower export volume of feedgrains and wheat, and lower prices of most grains and oilseeds.

Most of the decline in fiscal 1975 probably will occur in the markets of Western Europe, Eastern Europe, and Asia. This estimate is tentative, however. The final magnitude of U.S. agricultural exports in fiscal 1975 will depend greatly upon the harvests in the Northern Hemisphere this summer and fall.

Nevertheless, fiscal 1975 exports are expected to be second only to the record of fiscal 1974.

Higher energy prices are a major influence in retarding both import and export trade in farm commodities. The increased prices of Persian Gulf crude petroleum that went into effect late last year are bound to have a major impact on most of the world's economies in 1974. However, most countries probably will prefer to run large trade deficits rather than to reduce their volume of trade.

Economic growth rates appear to be headed for a decline, as a result of the energy situation, in most of the world's developed countries and in some developing countries in Europe and in Asia. A decline in gross national product (GNP) is anticipated in the United Kingdom, for example, and the growth rate in West Germany and in Japan is expected to decline to 3 percent.

Growth in demand for imported agricultural products will be down considerably in these two countries. However, inflation is expected to continue the rapid pace of recent years, and many countries will continue to import farm products in order to relieve the pressures of inflation.

Another damaging effect of the energy situation is an anticipated shortage of fertilizer, especially in the developing countries. In addition, fertilizer prices will be up sharply. Because of reduced fertilizer availability, many developing countries may find it difficult to achieve the trend-level increase in grain yields.

requirements for U.S. grains and soybeans in 1973-74. U.S. grain exports to the Soviet Union are expected to be only about half as large as the 14 million tons shipped in 1972-73 and U.S. soybean exports may amount to the 18,000 tons carried over into this trade year. For 1974-75, U.S. grain exports to the USSR should decrease further to perhaps 3 million tons, but the Soviets may buy some soybeans to supplement domestic oilseeds.

People's Republic of China. Following reduced production of grains, cotton, and oilseeds in 1972 in the People's Republic of China, imports are expected to be above trend during 1973-74. The United States will share in this increase with exports expected to total around $1.2 billion, compared with $207 million last year. Wheat, corn, soybeans, and cotton will account for practically all of this year's trade.

Despite a reported record harvest of grain and cotton in 1973, imports of grain and cotton during 1974-75 are now expected to return to more normal levels of past years and, as of now, U.S. exports are expected to remain at near this year's level. Possible reasons are: Continuing rapid increase in population; some rebuilding or adding to stock levels; and increase in per capita allocations of such items as food and clothing.

Japan and Other Asia. U.S. agricultural exports to Japan, our top single country market for farm products, totaled $1.5 billion during the first half of fiscal year 1974, or 91 percent greater than the same period a year earlier. Exports to Japan will now probably total $3.4 billion during the current fiscal year. Exports for fiscal 1975 may be maintained at this high level.

The gain during the current fiscal year will be concentrated in wheat, feedgrains, fresh fruits, cotton, meats, poultry meats, and tobacco. The U.S. share of the Japanese import market will likely increase to over one-third from less than 30 percent a year earlier. Much of the increase will stem from higher prices.

Exports to other Asian countries, South and Southeast Asia, are now expected to total around $3 billion, up sharply from a year earlier. Higher prices and increased takings of grains and cotton are the principal reasons for the increase. Exports are also expected to gain in fiscal 1975 although at a much slower rate.

World Energy Shortage Likely To Benefit U.S. Cotton Exports

By H. REITER WEBB
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WHILE A NUMBER of rapid and volatile changes have affected the world's cotton economy during the past few years, none has more impact on the short- and medium-term outlook for U.S. cotton exports than the world energy situation.

Among the significant events that have taken place are a transfer of U.S. cotton stocks to both foreign non-Communist exporting and importing countries, rapid growth in foreign cotton consumption, a smaller rate of increase in foreign cotton production, and large swings in world cotton prices—culminating in the highest cotton prices since the U.S. Civil War.

During 1973, however, the industry was confronted with yet another situation that will have a dramatic effect on the world cotton economy. Reports submitted by U.S. agricultural attachés have focused on at least six important implications for U.S. cotton exports that stem from the energy situation—three related to demand and three related to supply.

Perhaps the single most important implication is the reduced availability of manmade fibers, cotton's competition for the world fiber market. Noncellulosic fibers such as polyester, nylon, and acrylics, made from petrochemical industry products, have been adversely affected by both tight supplies of petrochemical raw materials and skyrocketing prices for petroleum.

Further, large amounts of energy are required in their manufacturing processes. A 1972 study by the National Cotton Council of America estimated that five times more energy is required to produce a pound of manmade fibers than is required to produce a pound of cotton, since most of the energy used to produce cotton comes directly from the sun.

The combination of these factors has resulted in sharp price increases for noncellulosic fibers, reversing the long-term downtrend. Production of cellulosic fibers, such as rayon and acetate, is also being adversely affected by reduced power supplies.

While a precise estimate of the likely rollback in foreign production of noncellulosic fibers is impossible, the U.S. agricultural attachés' reports indicate a range of between 10 and 18 percent below the production levels of mid– or late–1973. This will still mean a relatively high level of production in 1973—perhaps the second largest on record—since manmade fiber production had increased sharply over previous years to a record high level by the time the cutbacks were applied.

A second effect of the energy crisis on foreign demand for cotton is the question of availability of power needed by textile industries around the world to operate their plants. Information to date indicates that textile mills will generally receive their power requirements.

A number of governments have given their textile industries "priority user" status, where petroleum is the basis of their energy supply, since a substantial cutback in textile activity means greater unemployment, always a politically sensitive matter.

IN SOME OTHER countries, most of the power needed by the textile industry comes from either hydroelectric sources or natural gas. In still other cases, such as Japan, textile industries expect to be able to absorb cutbacks in their energy supplies without reducing production through more efficient operations.

A third consideration for foreign cotton demand is the question of the effects of the energy problem on the general economy of the world. There have already been many instances of reduced industrial activity because of shortages of power, petrochemicals, and other factors. Lower levels of industrial activity will mean less disposable income in the hands of consumers to be spent for textiles and other pur-

chases, especially if prices gain.

Textile interests are particularly concerned about reduced purchasing power coinciding with higher textile prices when current high raw material costs reach the retail counter. In general, textile products being sold today are based on raw material costs of 6 to 9 months ago, when cotton and other fibers were at much lower price levels.

Taking into account the three considerations discussed above, it seems likely that foreign demand for cotton will continue the steady increase of recent years. Reduced competition from manmade fibers is likely to mean a faster rate of increase than has been the case recently.

The energy crisis has some important implications on prospects for foreign cotton production. When other cotton producing countries are studied individually, it appears that few, if any, will have a serious problem with respect to the availability of fuel needed to power planting and cultivating equipment, harvesting machines, gins, and other machinery.

Most foreign cotton-producing countries are either self-sufficient in petroleum production, such as the USSR, the People's Republic of China, Iran, and Nigeria, or have a relatively dependable source of supply as in the case of one Arab country receiving petroleum from another.

A different situation exists with respect to the availability of fertilizer needed for efficient cotton production. A number of cotton-producing countries that have adequate sources of fuel are nevertheless large importers of fertilizer. In view of the generally tight world availability of fertilizer, these countries are likely to encounter difficulty in obtaining the supplies they require.

Much higher price levels for both fuel and fertilizer will mean sharp increases in cotton production costs, even where adequate supplies are available to producers.

Consequently, a large increase in foreign cotton consumption in the near future seems more likely than a commensurately large increase in foreign cotton production. As a result, the outlook for U.S. cotton exports is bright.

Another factor growing out of the energy shortage, which is dimming U.S. cotton export prospects, is a lack of sufficient ocean transportation to move cotton from exporting to importing countries. The availability of ocean transportation is being severely strained by the current high level of world trade in all commodities.

The situation is further aggravated by difficulty in obtaining bunker oil being encountered by steamship companies in many ports. Also, the ocean freight rate on cotton appears to be generally less attractive to steamship companies than those for some other commodities, placing cotton at a disadvantage in competing for available shipping space.

These problems must be solved if U.S. cotton is to receive the full benefit of the fairly bright export potential now existing.

Japanese Cotton Industry Gears to Energy Shortage

By BERNICE M. HORNBECK
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JAPAN—heavily dependent upon imported petroleum—will have to make many economic adjustments in the light of current petroleum supply and prices.

It appears, however, that the short-term effect of the energy situation on cotton imports and consumption will not be adverse. The present petroleum situation is much more serious for cotton's competition, manmade fibers, especially polyester and other noncellulosics manufactured from petrochemical raw materials.

Japanese spinners are confident that their cotton consumption will increase, even though some reduction in textile production is expected. U.S. data on exports and registration of forward cotton sales to Japan seem to confirm that point of view.

Japan is the world's largest import market for cotton, taking between 3.1 and 3.9 million bales (480 lb. net weight) annually during the past decade. In this period, the U.S. share has averaged just over 30 percent of total imports by Japan. The Japanese market is extremely important to the U.S. cotton grower and exporter, as it usually represents about 20–25 percent of total U.S. cotton exports.

Despite the relatively high prices of cotton and the possibility of cutbacks in Japanese textile production, Japan has purchased large quantities of cotton, particularly U.S. cotton, from the 1973–74 crop. Even though imports from all sources will probably not significantly exceed the level of the previous crop year, imports of U.S. cotton are expected to be up sharply from the level of about 966,000 bales in the 1972–73 crop year.

The apparent U.S. export commitment to Japan for shipment during 1973–74 was approximately 1.7 million bales at the end of December (August-December exports of 370,000 plus registration of forward sales of 1,345,000 bales as of December 30, 1973).

However, actual exports to Japan are not expected to exceed about 1.5 million bales, because Japanese mills have indicated that quantity is the maximum that will be imported to cover their needs. The quantity in excess of 1.5 million bales may represent speculative buying by trading companies, which could be shipped to other countries or even resold in the U.S. market.

In the wake of the curtailment of petroleum shipments to Japan in October, the Japanese Government requested a 5–10 percent voluntary cutback in the industrial use of electric power and of petroleum.

New laws passed in December gave the Government power to impose mandatory cuts, as of January 16, of 15 percent from levels of a year earlier. These measures might be expected to bring about an estimated 5–7 percent reduction in textile production within a short time, although according to industry sources there will not be commensurate reduction in the use of cotton by the Japanese textile industry.

Electric power is a direct production input in the spinning, weaving, knitting, and apparel industries, while the use of petroleum involves secondary aspects of production, such as air conditioning.

Despite the cut in power supply,

spinners are confident that they can minimize the effects by taking measures to improve their efficiency, such as the reduction of the spindle's rotation speed, replacement of worn parts with new parts, and every other possible means of increasing efficiency.

Prior to current developments, a number of far-reaching changes in the Japanese textile industry were affecting the market for cotton in that country. There was a very active demand for textile products with a noticeable trend toward natural fibers, especially cotton, beginning about October 1972. Per capita cotton consumption reached 14.3 pounds in 1972, up more than 10 percent from the previous year.

AN INCREASING proportion of Japan's domestic cotton product needs are being met by imports from the People's Republic of China, Taiwan, Pakistan, Korea, Hong Kong, and other nearby Asian countries as well as developed countries—including the United States.

Imports are coming largely from countries where the Japanese have established joint ventures with local interests to spin, weave, and manufacture apparel. Local markets are also being supplied from these enterprises. Japanese cotton textile exports to developing countries in Southeast Asia, formerly a major market, have virtually ceased. Completely reversing the trend of the last 20 years, Japan became a net importer of cotton textiles in the first 6 months of 1973.

In the face of increasing imports and shrinking export markets for cotton products—which would be expected to reduce cotton consumption—mill consumption of cotton in Japan has been gradually expanding, and is expected in the current crop year to reach 3.6 million bales, which would be a postwar record. In addition, cotton imports are expected to total 3.8-3.9 million bales, which would also be a new postwar record.

A number of factors have contributed to this situation. The textile industry has participated in the booming economy of the country. Personal consumption expenditures were at an alltime high in 1972, up 14 percent from 1971. This trend continued into 1973. Expenditures for clothing in 1973 probably exceeded the 1972 figure of 10.3 percent of total personal expenditures.

However, reflecting the high level of inflation by July 1973, clothing prices accelerated to the point where they were 41.5 percent over 1970 levels. These higher textile prices may dampen consumer enthusiasm for continued large expenditures for clothing and household textiles, and if so, cotton will not be able to escape the effect.

In addition, the possibility of an economic slowdown arising from the petroleum situation—both in Japan and in a number of Japan's best export markets—is a foreboding unknown that could adversely affect consumer demand for textiles in Japan and elsewhere.

However, Japan will have an urgent need to export in order to earn foreign exchange to pay for higher-priced oil imports. Cotton and other textiles will probably play a part in any export drive. The de facto devaluation of the yen in early January should increase Japan's competitiveness and potential in export markets.

Another most important factor influencing the outlook for cotton consumption in Japan is the status of the manmade fiber industry in the present oil-short situation. It is estimated that manmade fibers produced in Japan in 1972 were equivalent to almost 9 million bales of cotton.

Manmade fiber production has been rising rapidly in recent years, especially the noncellulosic types, all of which are based on petrochemical raw materials and all of which will be in tight supply in the months ahead.

Of the total manmade fibers produced in Japan in the first half of 1973, rayon accounted for 29 percent, polyester staple and filament represented 25 percent, nylon 15 percent, acrylic 18 percent, and other noncellulosic about 7 percent. Of these, rayon staple and polyester staple offer cotton the most intense competition.

Production of rayon staple will be adversely affected by shortages of high-grade wood pulp for its manufacture and energy cutbacks in manmade fiber plants. Polyester is made from petrochemicals and has already been the subject of production cutbacks as a result of the tight supply situation for its major ingredients derived from petrochemicals. Other noncellulosics, such as nylon and acrylics, are also affected by the high prices and shortages of raw materials.

Polyester filament and staple production levels picked up sharply in early 1973 and are thought to have been at the year's end 23 percent above 1972 totals.

Polyester production cuts of 20 to 30 percent have been announced by major producers; however, it is evident that even with such cutbacks, 1974 supplies of polyester could exceed all years other than 1973.

There will be serious stress on the available raw materials and supplies of manmade fibers in Japan during the period of the petroleum shortage. Several major Japanese manmade fiber companies have established joint ventures for the production of manmade fiber in nearby Asian countries. These manufacturing plants depend on Japan for the supply of raw materials for manmade fiber production.

The reduced supply of manmade fibers in Japan will need to be shared with spinning mills, weaving mills, and garment factories established by the Japanese in a number of nearby Asian countries in conjunction with local interests. Many of these companies have long-term contracts with Japanese suppliers.

Japanese manmade fiber interests with their limited raw materials and with lower output of manmade fibers will be caught between the necessity of keeping plants in Japan on reasonably full production schedules and the desirability of supplying their overseas affiliates with the necessary materials to produce polyester, nylon, and acrylic fibers—as well as fabric and apparel.

JAPANESE producers of poylester and other noncellulosic fibers reportedly were withholding export bookings beyond April 1974 in view of the raw material supply situation. Reduced supplies will fall far short of meeting potential demand. The prospect has already resulted in substantial price increases of the entire range of manmade fibers in Japan.

Although they maintain a relatively strong cotton stock position, the Japanese are concerned about the effect of the oil shortage on international shipping. Cotton suffers from disadvantageous freight rates, and ocean carriers have been reported less interested in carrying cotton than in other more profitable commodities.

The Japanese also have been worried about the reluctance of Central American and other countries to deliver on cotton contracts, to delay shipping, or

Continued on page 16

Soviet Union Reports Farm Output Reached Alltime High in 1973

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AGRICULTURAL production in the Soviet Union rebounded sharply last year to become virtually the only bright spot in the country's entire economy. Climbing a dramatic 14 percent above the weather-depressed 1972 level, Soviet farm output recorded a gross value of nearly US$124 billion (96 billion rubles[1]) compared with only $109 billion last year, according to an official report in *Pravda* on January 26.

The noteworthy increase, which exceeded even the hoped-for 12.6 percent, was due mainly to much improved crops, especially the record grain harvest of 222.5 million tons. All crops benefited from unusually favorable growing weather, and to some extent from greater availability of fertilizer and other inputs.

Alltime production records were claimed for almost all major farm products. Sunflowerseed and potatoes surpassed 1968's high output; grains and vegetables were above the previous record of 1970; cotton was ahead of last year's record; and sugarbeet output was second only to 1968's high.

Nevertheless, wet weather in many areas undoubtedly caused above-normal harvesting losses and lowered quality. Moisture and trash contents of small grains and sunflowerseed were probably well above average. The quantity and quality of food and feed products from crops will be significantly lower than indicated by gross production data.

But generally better feed supplies—much from imports—pushed livestock numbers ahead somewhat, while output of eggs and milk gained significantly. The wool clip was only modestly larger, however, and meat production slipped slightly.

The record 1973 production boosted the value of gross farm output—both from crops and livestock—to a level 9 percent higher than the previous record in 1971. Moreover, the 14 percent increase from 1972's level was the largest since the major agricultural recovery in 1964.

Record production last year has improved the USSR's chances of achieving the ambitious goals set in the current 5-year plan—1971-75. But even with the unexpectedly good performance last year, the value of gross farm output must average 107-111 billion rubles in each of the next 2 years to meet the goal of a 20 to 22 percent increase in average 1971-75 production, compared with the 1966-70 average. If 1974's goal to expand farm output by 6.4 percent is attained, the value of gross production must total 113-121 billion rubles in 1975.

The fluctuating nature of Soviet crop production is apparent from comparisons of recent years' output levels. Grain output last year, which rose 13 percent above the planned goal, was 32 percent higher than in 1972 and 19 percent more than in 1970. The 1973 harvest included 109.7 million tons of wheat, 13.4 million of corn, and 1.8 million of rice.

Grain is harvested in the Kuban, one of the USSR's richest winter wheat areas. Forest area at rear controls wind erosion.

Cotton output last year gained only 5 percent over 1972, but this crop, which is irrigated, has shown steady progress in recent years. Sunflowerseed production reversed a 4-year decline in 1973, reportedly rising 45 percent above 1972's level and about 10 percent above 1968's. Gains for other major crops ranged from 14 percent for sugarbeets to about 38 percent for potatoes.

Government purchases of grain from the 1973 crop rocketed to a record 90 million tons, well above the goal of 81 million tons. Thus, State buying accounted for 40 percent of last year's grain crop, compared with about 36 percent in 1972 and 39 percent in 1970. As usual, all reported cotton production was bought by Government agencies, but State purchases of sunflowerseed and sugarbeets were not revealed.

The largest relative increase in livestock numbers during 1973 was a 5 percent gain for hogs. Even so, hog numbers remained below the high of January 1, 1972, whereas cattle, cow, and sheep and goat numbers reached new highs. As of January 1, 1974, cattle numbers were up 2 percent from a year earlier, but cows advanced only 1 percent and sheep and goats by 2.5 percent.

Cattle numbers at the beginning of 1974 already matched the goal set for the end of 1975, but the gain needed for cows is well above the rate of increase achieved in recent years. Hog and sheep and goat numbers must advance 7-8 percent during the next 2 years if plans are to be fulfilled. The number of hogs held privately rose slightly, but other private livestock holdings decreased a little last year.

Targets for meat, milk, and wool were revised downward in 1973, partially to permit a buildup of livestock numbers to improve the chances of meeting 1975's livestock product goals. Previous success led the egg target to be revised upward. Although eggs, meat, and milk exceeded revised goals, outputs of meat and milk were below original targets. Wool production fell short of even the revised goal.

[1] **Officially 1 ruble=US$1.29. When traded in West European exchanges, however, the ruble is discounted considerably.**

In terms of actual production, both eggs and milk reached new output highs in 1973. Average egg output per hen increased 5 percent and milk per cow was up 4 percent. Meat production declined slightly from 1972's record, and wool did not quite regain its 1971 level.

The 1973 changes in Government purchases of livestock products reflected corresponding production changes, but purchasing plans were said to have been fulfilled. The 1975 buying goal for eggs obviously will be reached ahead of time, but purchase rates must increase if plans for slaughter livestock and milk are to be met.

Other 1973 farm sector results announced included a gross income for collective farms of 24 billion rubles—9 percent more than in 1972. There again was no comment on the profitability of State farms, but 49 percent of these were said to be financially self-supporting, compared with 45 percent the previous year.

Labor productivity on collective and State farms rose 17 percent, owing to improved agricultural output, compared with 6 percent in industry and only 4.3 percent in construction. Payment for work credits of collective farmers rose 5.9 percent, while the average wage of industrial and office workers increased 3.7 percent.

Most of the inputs supplied to agriculture last year were larger than in 1972, but some of the known plans for these factors were not fulfilled.

Capital investments in agriculture by Government agencies and collective farms totaled 25.8 billion rubles, 8 percent higher than in 1972 and about 2 percent more than planned. The Governmental sector matched its goal—16.4 billion rubles—while collective farms invested 4 percent above the plan.

Mineral fertilizer deliveries in 1973 totaled 58 million tons, compared with 53.5 million tons the previous year and the planned 57 million tons.

Tractors supplied numbered 322,000, about 3 percent more than in 1972, but 2 percent below plan. The number of trucks and special automotive vehicles for agriculture was 225,000, an increase of 20 percent and slightly more than scheduled.

Only 82,000 combines were delivered, about 11,000 fewer than in 1972 and 12,000 less than the goal. Of these, only 46 percent were the newest and highest capacity models as opposed to the 66 percent planned. Forage choppers totaled 61,000, up about 6,000 from the previous year and a little above the target.

Although the scheduled totals were not revealed, 1973 deliveries exceeded 1972's for cultivators, seeders, swathers, mineral fertilizer spreaders, tractor rakes, pickup balers, irrigation sprinklers, sugarbeet diggers, potato diggers, and corn pickers. Deliveries were below 1972 levels for tractor plows, mowers, loaders, milking machines, discs, grain cleaners, and cotton pickers.

Other inputs last year included construction of large-scale poultry housing for 28 million birds and additional facilities for 5 million cattle, about 5 million hogs, and 6 million sheep.

Food industry products showed a mixture of production gains and losses in 1973. These mainly reflected 1972 crop results, since most 1973 crops did not become available for use until late last year. Output of granulated sugar, which involves raw sugar imports as well as domestic production, climbed about 20 percent to 10.7 million tons. Meat processed through industrial facilities dipped 5 percent to 8.3 million tons, and vegetable oil production declined 6 percent to 2.7

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GROSS PRODUCTION OF MAJOR SOVIET CROPS, 1969-73
[In million metric tons]

Crop	1969	1970	1971	1972	1973
Grains	162.40	186.80	181.20	168.20	222.50
Cotton	5.71	6.89	7.10	7.30	7.66
Sunflowerseed	6.36	6.14	5.66	5.05	7.34
Sugarbeets	71.20	78.90	72.20	76.40	86.80
Potatoes	91.80	96.80	92.70	78.30	107.70
Vegetables	18.70	21.20	20.80	19.90	24.50

JANUARY 1 SOVIET LIVESTOCK NUMBERS
1971-74 AND 1975 PLANS

Category	1971	1972	1973	1974	Planned for end of 1975	
					Amount	Increase from Jan. 1, 1974
	Mil. head	*Mil. head*	*Mil. head*	*Mil. head*	*Mil. head*	*Percent*
Cattle	99.2	102.4	104.0	106.2	106.2	0
Cows	41.0	41.2	41.7	42.3	46.7	10.4
Hogs	67.5	71.4	66.6	69.9	74.9	7.2
Sheep and goats	143.4	145.3	144.7	148.3	160.2	8.0

REVISED PLANS AND OUTPUTS
FOR SOVIET LIVESTOCK PRODUCTS, 1973

Item	Wool unwashed	Eggs	Milk	Meat and fats
	1,000 tons	*Billions*	*Million tons*	*Million tons*
Original plans	463	46.8	92.1	14.3
Revised plans	434	47.5	86.2	12.9
Reported outputs	428	50.8	87.2	13.5

PRODUCTION OF SOVIET LIVESTOCK PRODUCTS, 1969-73

Product	1969	1970	1971	1972	1973
	Mil. tons	*Mil. tons*	*Mil. tons*	*Mil. tons*	*Mil. tons*
Meat and fats	11.8	12.3	13.3	13.6	13.5
Milk	81.5	83.0	83.2	83.2	87.2
	Billions	*Billions*	*Billions*	*Billions*	*Billions*
Eggs	37.2	40.7	45.1	47.9	50.8
	1,000 tons	*1,000 tons*	*1,000 tons*	*1,000 tons*	*1,000 tons*
Wool, unwashed	390	419	429	420	428

PERFORMANCE NEEDED TO MEET
SOVIET FARM PLANS THROUGH 1975

Commodity	1971-75 annual average goals		Goals planned for 1975	
	Amount	Average output needed in 1974 and 1975	Amount	Increase needed over 1973 output
	Mil. tons	*Mil. tons*	*Mil. tons*	*Percent*
Grains	195.0	201.6	205-210	[1]
Cotton	6.9	6.2	7.2	[2]
Sunflowerseed	6.9	8.2	7.4	0.8
Sugarbeets	87.0	99.8	92.4	6.5
Potatoes	106.0	125.6	[3]	[3]
Vegetables	24.7	29.2	[3]	[3]
Meat and fats	14.3	15.6	16.0	18.5
Milk	92.3	104.0	100.0	14.7
	Billions	*Billions*	*Billions*	*Percent*
Eggs	46.7	44.8	52.0	2.4
	1,000 tons	*1,000 tons*	*1,000 tons*	*Percent*
Wool	464.0	522.0	500.0	16.8

[1] Exceeded in 1973. [2] Exceeded in 1972 and 1973. [3] Not available.

Drop in Canada's Fruit Output And Exports Ups U.S. Sales

CANADIAN EXPORTS and production of deciduous fruits were down slightly in crop year 1973–74. The export loss mostly reflected reduced takings by the United States, whose exports to Canada were up across the board.

Production of most kinds of deciduous fruit was up in British Columbia in 1973 but generally down in Canada's other fruit-producing Provinces. Gains were not large enough to offset the losses, however, and total output of major fruits was slightly less than that of last year.

Peach, sweet cherry, grape, and apricot outturn increased, while apple, pear, plum, prune, and sour cherry production dropped off. Crops of most tender fruits were about the same as in 1972.

A drop in apple exports from some provinces resulted from reduced takings by the United States, but stepped-up sales to some other countries pushed total apple exports to within an estimated 9 percent of last year's level.

Figures for calendar 1973 indicate U.S. fruit exports to Canada (including nuts, melons, and tropical fruits) surpassed US$145 million. This compares with $131 million the year before.

Production. The 1973 Canadian **apple** crop is estimated at 834.9 million pounds, 3.6 percent less than 1972 output of 865.9 million.[1] Prolonged hot, dry weather in parts of Ontario and Quebec reduced the size of the crops there below earlier estimates, while Nova Scotia's outturn recovered from the previous year's low level. British Columbia's crop was 55.4 million pounds greater than that of 1972.

Western Ontario was affected less by the harsh weather and it produced a good quality crop. Eastern Ontario experienced hail and scab damage which sharply reduced apple quality. British Columbia's crop was of a high standard, however, with the exception of Spartans which did not color as well as others.

Canada's 1973 **pear** output declined, largely because of a sizable drop in Ontario's crop. Only British Columbia's production was larger than that of the previous year. The total crop was 66.1 million pounds—27 percent less than that of 1972.

Peach output was up substantially over the 1972 crop—from 84.6 million pounds to 106.5 million—largely because of a good crop in Ontario. Quality was high in both Ontario and British Columbia, Canada's two peach-producing Provinces, but size tended to be below normal.

A sharply higher British Columbia sweet **cherry** crop raised total outturn of this fruit to 23 million pounds, up from 15.9 million 1 year earlier. But output of sour cherries was much lower because of reduced Ontario outturn.

[1] **Production figures are from *Statistics Canada*, Dec. 18, 1973.**

A vineyard in Ontario, one of Canada's major grape-growing Provinces.

The 1973 Canadian **grape** crop increased from that of 1972. Lack of moisture during the late summer and early fall reduced Ontario's crop prospects, but the grapes produced were of excellent quality.

Total grape output in 1973 was 129.5 million pounds, 4 percent higher than the previous year's outturn of 124.4 million pounds.

Raspberry and **strawberry** production in 1973 were 12.8 million pounds and 31.6 million pounds, respectively. **Blueberry** production increased to 35.5 million pounds in 1973 from an outturn of 26.3 million pounds in 1972.

Marketing. Canadian **apple** exports from the 1973 crop are forecast at 100 million pounds in 1973–74, compared with 109.9 million in 1972–73. British Columbia and Nova Scotia are expected to boost offshore exports but those from central Canada will be lower.

In 1973, the United States exported nearly 70.1 million pounds of apples to Canada with a value of over US$9 million. Both quantity and value of U.S. apples exported were higher than in 1972 when they were 56.2 million pounds and US$6 million, respectively.

Canadian apple exports between July 1 and November 9, 1973, totaled 23.6 million pounds, 13 percent below the 1972 total for the same period of 26.7 million pounds, largely because of lower imports to the United States by Quebec. However, the decrease in shipments to the United States was largely offset by apple exports to the United Kingdom and other countries that more than doubled to 8.5 million pounds for the period. Shipments to these countries in 1972 were 3.7 million pounds.

Transportation problems arose in getting the bigger 1973 apple crop in British Columbia and Nova Scotia to Ontario and Quebec, the major market areas. A shortage of refrigerator cars developed during the recent Canadian rail strike in August and, although additional cars were required to move apples from British Columbia to markets in central Canada, they were generally unavailable. Refrigerator cars were allocated based on the previous year's usage, thereby holding down British Columbia's share.

Total apples in storage in Canada on November 1, 1973, were 491.2 million pounds, 5 percent more than 1 year earlier. Of this total, nearly 302 million were designated for fresh sales; about

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Stronger World Beef Prices Spur Kenya Herd Upgrading

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KENYA IS MAKING a strong bid for a share of the lucrative European market for chilled and frozen beef by upgrading its cattle industry. Although the total export tonnage of beef currently is small (about 2,795 metric tons annually), Kenya has moved ahead of neighboring countries by becoming the first country in East or Central Africa to gain entry in Europe with shipments of chilled and frozen beef.

The potential for growth and development of the Kenyan livestock industry is substantial. Because world demand for beef is rising steadily, the Kenya Meat Commission (KMC) is taking positive steps to upgrade the wholesomeness of the native product so as to permit its entrance into foreign markets. Kenyan investments to improve quality will be amply repaid in terms of expanded foreign markets and increased foreign earnings, in the KMC view.

Thus the first shipments of frozen Kenyan beef to Switzerland and to Greece were heralded in Nairobi as achievements of unusual merit. Although small quantities of frozen beef had been exported to France and to the Netherlands in 1971, Kenyan beef had been excluded from most European markets because of foot-and-mouth disease and inability to meet the strict health requirements imposed by most European countries.

Attaché Freeman with Boran bull. Boran is developed from the larger zebu stock.

By careful upgrading of animal health standards and the painstaking eradication of animal diseases, Kenyan officials plan to improve their share of the European market.

How is the upgrading of Kenyan meat quality being accomplished? For one thing, Kenyan veterinary officials have established disease-free zones in the country. Cattle whose meat is intended for export sales are raised only in these sanitized areas. The quality of veterinary care and inspections has been upgraded. New processing plants are being built, and extensive investment in new equipment is planned.

Exports of Kenyan beef were valued at $11.4 million in 1972. Of the total, chilled or frozen meats were valued at $3.8 million, and canned (mostly corned) beef at $7.6 million. In addition, exports of hides and skins were valued at $10.6 million, bringing the total value of cattle industry exports to $22 million.

What are the dimensions of the growth potential? Although the Kenyan beef industry is small, opportunities for expanding export trade are promising. Kenya's total cattle population is about 9.3 million head. But most of these animals are owned by nomadic tribesmen who do not raise cattle for market. Rather, they regard their animals as visible signs of wealth. Animals are seldom sold. Neither the conditions under which the cattle are raised nor the genetic quality of the animals is good.

The animals are light in weight; calving rates are low, and diseases and parasites take their toll. The herds contain a high proportion of cows in order to keep the owning families—which are usually large—supplied with milk. Usually, cattle are slaughtered only for special occasions, such as weddings or other celebrations. Also, the demand for consumer goods among the owning families is rather limited.

Efforts are being made to cull some immature animals from the traditional herds and to channel them into better pastures and/or feedlots. But such offtakes from the nomadic herds have been erratic at best.

The commercial sector of the Kenyan beef industry is, on the other hand, small but progressive—and well organized. The total number of cattle on all farms is about 796,000 head, including 308,000 dairy cattle. About 150 large commercial ranches and mixed farms support about 242,000 head and supply most of the beef for commercial slaughter. Some of the ranches are as large as 136,000 acres, but the average size is about 16,000 acres. Most of the ranches are located in the high-altitude areas where rainfall is moderate. The ranches stock some imported breeds, such as Hereford, Angus, Shorthorn, Devon, Galloway, Charolais, and Santa Gertrudis.

THE BASIC PROBLEM is the small base from which the commercial sector of the industry operates. In addition, the cattle are grass-fed, and the volume of meat is not as high as it could be. Producers are not making extensive use of feedlots, blaming short supplies of feed concentrates. Fewer than 17,000 head of cattle went on feed in 1972, although Kenya's 24 feedlots have a total capacity of 57,000 head.

Total beef output in Kenya is about 137,000 metric tons annually, of which about 25 percent is processed in the commercially-approved facilities owned and operated by KMC. The remaining 75 percent is processed by private butchers and on farms.

The industry has been static for the past 5 years. There has been little if any change in the numbers of cattle slaughtered, processed, or exported by the KMC. Over the period 1968–72, an average of 194,800 head were slaughtered each year. Dressed beef averaged 28,650 tons annually. Exports of chilled or frozen beef averaged 2,795 tons. Canned beef exports averaged 11,024 tons. An average 48.3 percent of the commercially-produced tonnage was exported.

Most of the canned beef went to the United Kingdom. Chilled or frozen beef went chiefly to Hong Kong, Libya, Zaire, and the Netherlands.

The new market penetrations recently achieved in Europe raise a basic question: Where will the additional meat needed to fill export requirements come from? This is a difficult question. It now appears that the volume of meat available for export will not soon change materially.

Efforts to expand export markets will be hampered by growing domestic demand. Kenya's population is increasing at the rate of 3.3 percent annually. Per capita income is rising at the annual rate of 6.4 percent. Demand for beef is increasing, and is expected to reach 28 pounds per person annually by 1980. Even after allowing for continued improvement in the average weight of cattle slaughtered, the total slaughter would, by 1980, have to exceed the supply of animals by about 240,000 head to meet the projected domestic and export demand. The present rate of meat exports is equivalent to about 94,000 head.

The Government of Kenya is deeply concerned over the future of the beef industry and its objective of keeping up with the expanding requirements of its domestic market as well as its new export customers. A $50-million improvement program has been established, financed in large part by a $20.5-million loan from the World Bank and by $9.8 million from the U.S. Agency for International Development (AID). Specifically, the new program calls for establishing 181 large new cattle ranches, improvement of 10 million acres of grazing land, construction of three feedlots plus related holding grounds, a processing plant (capacity: 70,000 head annually), and a cold-storage facility.

Under the improvement scheme, 570 tons of beef will be added annually to Kenya's exports, beginning in 1974. Goal is to increase this volume to 6,550 tons by 1980 so as to push the total annual meat export figure to 18,550 tons. This plan does not assume any decline in beef exports from traditional sources, as has been forecast by some authorities. Rather, the plan anticipates a leveling off of domestic per capita consumption—a situation that the Government expects to bring about by raising domestic prices of beef and by expanding supplies of poultry to relieve the demand pressure for beef.

Another possible avenue leading toward expansion of Kenyan beef production lies in the various proposals to improve the quality of the traditional cattle herds owned by nomadic and semi-nomadic families. There is ample room for improvement of the traditional herds. Not only is the calving rate abnormally low, but almost half the calves born alive die during their first year. Disease, too, is a major deterrent to efforts to expand the herds. Foot-and-mouth disease is a continuing problem. Grazing difficulties arise frequently, due to erratic rainfall. Overgrazing is a constant threat. Tribal disputes can complicate decisions relating to cattle ownership and plans for slaughter of animals.

INDIGENOUS cattle make up 95 percent of Kenya's total cattle population. Most of these—about 6.7 million head—are zebus. The East African shorthorn zebu—a small animal averaging 500–600 pounds—is the most common animal, comprising 4.7 million of the 6.7 million total. These small cattle mature early, have more fat, and have a higher dressing percentage than the larger zebus.

The larger animals are, however, of greater marketing importance. European settlers in Kenya observed the commercial virtues of the larger zebus and pursued a process of selection and breeding that resulted in the breed known as Improved Boran. The Boran Cattle Breeders' Society, formed in 1951, seeks constantly to improve the breed.

The Boran animal, like all zebu cattle, has a thoracic hump. Its typically fine white hair and dark skin make it well-suited to the Kenyan climate. The white hair reflects heat, and the dark skin protects the animal from ultraviolet radiation. Good walking ability, low water consumption, good mothering ability, and a docile temperament are advantages of these larger-framed animals. The Boran has a fine bone structure and relatively long legs, and is well developed in the loins and hind legs. It has proven itself as a hardy beef-producing animal in various environmental conditions. Improved Boran animals are exported to other African countries seeking to improve the local cattle strains.

Still another possible solution to industry problems is in the area of beef pricing, and various proposals to improve the overall price structure.

Kenyan beef pricing has been too low to encourage production of high-quality beef.

The percentage of beef in the top three quality grades was on a downward trend until 1972. Even with the modest improvement made in 1972, only 4.6 percent of the carcasses processed by KMC were graded Choice or better. Considerable improvement was shown in the next lower grade—Fair-Average Quality (FAQ). This move had the effect of increasing the proportion of beef in the top three grades from 16 percent in 1971 to 23.5 percent in 1972.

The sharp rise in the proportion of FAQ beef reflects the increase in the numbers of cattle on feedlots. But these additional animals are older cattle, and therefore do not have the proper age-fat combination that would enable them to be graded as Choice beef.

Can Kenyan cattle profitably be fed at prevailing grain prices? This is a highly debatable point within the Kenyan industry. Some believe feeding would have been economically feasible before the recent rise in feed prices. Obviously, production analyses prepared prior to the upturn in feed prices are now obsolete, and new production cost data are not yet available.

Beef prices were substantially increased by KMC in 1971 and again in 1972 as part of a broad effort to en-

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KENYA: BEEF PRODUCTION AND DISPOSAL
[In metric tons[1]]

Item	1968	1969	1970	1971	1972
Total production	30,445	27,534	29,395	27,316	28,605
Domestic sales	16,575	15,366	15,615	13,582	13,048
Exports					
Chilled/frozen	3,376	1,531	2,680	2,780	3,610
Canned	10,494	10,627	11,100	10,954	11,947
Percentage exported	45.6	44.2	46.9	50.3	54.4

[1] Cold-dressed weight equivalents. Data by Kenya Meat Commission.

Canada's Fruit Output And Exports Drop

Continued from page 9

44 million pounds for juice; and 55.8 million pounds for peelers. Total apples in controlled atmosphere storage on that date were 146.5 million pounds, down 13 percent from a year earlier.

The low level of controlled-atmosphere stocks in Canada, in addition to distribution problems, should create a strong demand for imported apples in central Canada after cold storage stocks are depleted. Imports should total about 4 million pounds more in the 1973–74 crop year, than the 66.7 million pounds imported in 1972–73.

Pear exports in 1973–74 will be almost negligible at an estimated 200,000 pounds, down from 2.5 million pounds in 1972–73. Processor purchases from the 1973 crop are estimated at 35 million pounds in 1973–74 crop year, compared with 46.3 million pounds the previous crop year. Although producer stocks were higher at the beginning of the marketing year, the relatively small crop size was responsible for both the drop in exports and in producer purchases.

PEAR IMPORTS ARE expected to climb nearly 7 million pounds higher than the 1972–73 level of 40.5 million pounds. Total supplies of pears are down substantially to 116 million pounds, compared with 131.5 million in 1972–73.

Pear exports from the United States in 1973 were nearly 42.3 million pounds worth US$5.5 million. This compares with exports totaling 37.4 million pounds with a value of US$4.3 million in 1972.

Canada is expected to import 35 million pounds of **peaches** during the 1973–74 crop year, compared with nearly 28 million pounds in 1972–73. Most of these will come from the United States.

During 1973, peach and nectarine exports from the United States to Canada were 57 million pounds with a value of over US$8.1 million. This represents a 21-percent increase in volume and a 25-percent jump in value over 1972 totals.

Canada's total supply of peaches this crop year is expected to be about 144.4 million pounds, a marked increase from the 112.6 million pounds in 1972–73.

Processor utilization of peaches from the 1973–74 crop is estimated at 20 million pounds, compared with 19.2 million pounds a year earlier. Labor shortages have increased movement of fresh peaches into market channels through sales by roadside stands and pick-your-own operations. Domestic fresh use is expected to total 124.4 million pounds in 1973–74, compared with 93.4 million pounds in 1972–73.

More than 90 percent of Canada's total **grape** production in 1973 was grown in Ontario—119.3 million pounds out of a crop of 129.5 million. The Ontario Government is encouraging producers to up output even more by stipulating that Ontario wines can be made only of grapes grown within the Province's borders. Although the 1973 Ontario crop was 14 percent greater than the previous one, the wineries there are reportedly still some 40 million pounds short of their needs and have asked permission to import grape concentrates from outside the Province.

The Canadian trade buys large volumes of U.S. grapes in most years and in 1973 U.S. exports totaled 180.6 million pounds valued at US$35.8 million. The quantity was somewhat lower than in calendar 1972 when grape exports from the United States were 185.5 million pounds (the value was US$33.3 million).

Canada's main sales outlet for **cherries** and most tender fruits such as **blueberries** and **strawberries** is the domestic fresh market where higher prices are received. Processing tends to take the residue of the crop.

The Canadian Government, at the request of British Columbian fruit growers, imposed a surtax of 33 Canadian cents per pound on cherries for the fresh market and 21 cents on cherries for processing. The surtax was in effect from June 30-August 3, 1973, and was in addition to the 2 cents per pound specific duty. (The exchange rate as of January 18, 1974, was Can$1.0075= US$1.) The U.S. Government has requested Canada for compensation for taking this action.

Cherries and berries are important U.S. exports to Canada. Totals in millions of pounds for 1973 (with totals for calendar 1972 in parentheses) were as follows: Cherries, 16.3 (9.4); strawberries, 15.5 (11.9); and other berries, 13.2 (13). —Based on dispatch from

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Portugal's Processed Tomato Exports Rise

Calendar 1973 was a good year for Portugal's tomato industry. Acreage hit a record high—although a number of factors kept crop yields down. Exports of all processed tomato products were well above the previous year's.

Estimates place the area planted to tomatoes in 1973 at a record total of 64,600 acres, up 17.3 percent from 1972, and surpassing the previous record—set in 1969 when area under tomatoes reached 63,084 acres. In terms of raw tomato crop, Portugal is expected to produce 824,325 tons in 1973, up 1.3 percent from 813,658 tons in 1972. (All tons are metric.)

Yields—hurt by hot weather, disease, and labor shortages—fell in 1973, with the average tomato output at 31.5 kilograms/hectare (approximately 171 lb. per acre), 13.6 percent below the 1972 average of 36.5 kilograms/hectare.

Even though smaller yields prevented production from reaching record levels, concentrate tomato paste production, at about 155,000 tons in 1973, was 4.7 percent higher than in the previous year. Although 1973 production figures are not yet available, canned peeled tomato output was expected to be up in 1973, following a 26 percent drop in 1972 from the total a year before.

The volume of paste exports showed substantial gains in 1973. Shipments of double concentrate tomato paste during January-September 1973 totaled 76,323 tons valued at about $28.2 million, compared with 71,241 tons valued at about $24 million for the same period in 1972.

The 1974 outlook indicates that Portugal's concentrate tomato paste exports will exceed the 20,000-ton quota to the original six European Community countries.

While the United States was Portugal's best customer for tomato paste in 1973, other major buyers of tomato paste—by far Portugal's leading tomato product—were the United Kingdom, Japan, Canada, and West Germany. Due to its greatly reduced pack, Italy also purchased a substantial quantity of Portuguese tomato paste in 1973.

Exports of other processed tomato products for the first 9 months of 1973 also rose considerably.

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Soviet Officials Await Analysis of Grain Winterkill

Weather conditions through the end of January in the USSR indicate that winterkill of grains may be greater than last year's unusually low level, but there is no evidence of above normal winter-grain losses.

Temperatures in the south European zone of the USSR, which accounts for about three-fourths of the Soviet winter wheat crop, averaged nearly 4°C. (about 7°F.) below normal during the mid-10 days of January. Snow cover was light in an extensive area encompassing the eastern part of the central Black Soil Region, the northeastern part of the Ukraine, and in Rostov and Volgograd oblasts, as well as in another region just north of the principal wheat belt. Temperatures in the soil dropped sharply and freezing occurred to depths approaching 1 meter (approx. 39 in.). Compared with January 1972, however, when major winterkill last occurred in the USSR, air temperatures were much less severe. Nor were temperatures as severe as during the last 10 days of January 1973, when winterkill was unusually light. Snow cover apparently was better in 1973 than in 1974. Conditions in 1974 improved again during the latter part of January.

The daily agricultural newspaper, Selskaya Zhizn, stated on February 3 there was a possibility of crop damage in some places. It noted on February 4 that farms in the zones of possible damage should take plant samples and test them for growth. In other areas crops reportedly are wintering well.

Soviet officials clearly are concerned about possible damage in the Black Soil Region, part of the Ukraine, and the oblasts —which account for roughly a fourth of the winter wheat seedings—but they are awaiting local evaluation of conditions. Roughly 15 percent of the seeded winter grain area normally is subject to winterkill. It probably should not be concluded at this time that there is evidence of any above-normal winter grain damage in the USSR.

The USSR has reported seedings of 87.2 million acres of winter grains—wheat, rye, and barley. Assuming normal winterkill, the area for harvest should total about 74 million acres, compared with 66.2 million acres in 1973. Winter wheat area for harvest is projected at 48.2 million acres, compared with 45.2 million in 1973.

South African Corn Crop May Set Record

The 1973-74 South African corn crop (marketed during the period May-April 1974-75) could exceed 10 million metric tons—a million tons higher than the latest official estimate, according to South African trade sources. Exceptionally good summer rains and continued excellent weather conditions point to an early record crop.

Trade sources also indicate the South African Maize Board will probably recommence corn tendering around June. The Board had suspended corn tendering in March 1973 because of the poor 1972-73 crop of 4 million tons.

South African corn exports this year could reach 3.5 million tons—up a million tons from the latest FAS estimate.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Feb. 19	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	6.51	+ 2	3.14
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	6.29	+19	2.74
15 percent	(1)	(1)	2.76
U.S. No. 2 Hard Winter:			
12 percent	6.37	+17	2.64
No. 3 Hard Amber Durum	8.78	+14	3.06
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.61	+ 6	2.07
Argentine Plate corn	3.97	+ 1	2.23
U.S. No. 2 sorghum	3.47	+ 6	2.24
Argentine-Granifero sorghum	3.45	+ 5	2.22
U.S. No. 3 Feed barley	3.16	+ 5	1.90
Soybeans: [3]			
U.S. No. 2 Yellow	7.51	+ 5	7.05
EC import levies:			
Wheat [4]	[5] 0	0	1.70
Corn [6]	[5] 0	0	1.14
Sorghum [6]	[5] 0	0	1.02

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] New crop. [4] Durum has a separate levy. [5] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [6] Italian levies are 18 cents a bu. lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

Argentine Grain Estimate Raised

Excellent Argentine corn and sorghum harvests (March/April 1974) are assured, according to FAS representatives who have surveyed the grain situation there within the past few weeks.

The corn crop is now forecast at 9.6 million tons, up from earlier estimates of 9.2 million; sorghum is set at 5 million, up from 4.7 million. New crop sorghum should reach Argentine ports in late February and corn at the end of March. The recent wheat harvest estimate has been raised to 6 million tons from 5.8 million.

Currently, shipments of old-crop corn and sorghum, as well as wheat harvested in November-December, are moving slowly, following a Grain Board takeover of all marketing operations of these grains.

Plantings of 1974-75 crops will depend heavily on setting of supports. Fuel is not expected to be a factor—nor fertilizer, the latter being expensive and used only minimally.

FRUIT, NUTS, AND VEGETABLES

Venezuelan Apple and Pear Imports for December 1973

An unofficial tally of Venezuela's apple and pear imports for December (compiled from daily reports of the Venezuelan Port Authority) in metric tons shows: Apples: United States, 1,300; Canada, 63; France, 817; Germany, 398—Pears: United States, 153; France, 102; Italy, 196—Apples and pears (not separately classified): United States, 173.

EC Changes Subsidies For Selected Fresh Fruits

Effective February 5, 1974, the export subsidy for field grown table grapes, quality classes extra, I, and II were eliminated. The subsidies for Moro, Tarocco and Sanguinello orange varieties, as well as mandarin oranges, were raised from 4 units of account per 100 kg. to 6 units of account per 100 kg. for quality classes extra, I, and II.

Although the subsidy for apples, quality classes I and II, other than cider apples, remains unchanged, the list of eligible countries was amended to include Sweden, Norway, Finland, and Iceland, and "countries or states with a planned economy in central and eastern Europe."

Japan Changes Wine Standards

Effective December 21, 1973, Japan rescinded its prohibition on imports of wine containing sorbic acid and established a limitation of 200 parts per million (200 ppm). Japan's decision marked the successful outcome of a drive by the Foreign Agricultural Service, the U.S. Embassy in Tokyo, and the California Wine Institute to obtain an easing of a rule that effectively prohibited imports of nearly all U.S. white and rosé wines and many red wines.

Sorbic acid is used in these wines as a preservative.

At the same time, Japan lowered the tolerance for sulfur dioxide—used to control the rate of fermentation, particularly in white wine—from 450 ppm to 350 ppm.

A number of California producers seek to enter the small but growing Japanese wine market, but high duties and excise taxes continue to restrain the trade.

COTTON

U.S. Tariff Commission Holds Cotton-Import-Quota Hearing

On February 7, 1974, the U.S. Tariff Commission heard testimony from the U.S. Department of Agriculture and several trade groups on the President's request for consideration of possible suspension of import quotas on raw cotton and certain cotton waste and cotton products. The Department urged indefinite suspension of all quotas on the basis that current legislation and the world marketing situation made it highly unlikely that imports would increase in the absence of quotas to a point of interference with cotton price support operations.

The National Cotton Council stated its support for a temporary suspension—not to exceed 1 year—of quotas for those qualities in short supply. This position was supported to some extent by some producer groups, while other producer representatives testified against the proposed suspension, largely on the basis of increased imports having a negative effect on prices received by U.S. cotton farmers.

LIVESTOCK AND MEAT PRODUCTS

U.S. Meat Imports Unchanged in 1973

Imports of meats subject to the Meat Import Law (fresh, frozen, and chilled beef, veal, mutton, and goat) totaled 109 million pounds for December. This represents a 17-percent increase over a year earlier. However, for calendar 1973, total imports of meat subject to the law were 1,354 million pounds. This equals the amount of meat subject to the law imported into the United States during calendar 1972.

Strong competition for available supplies seemed to account for stagnant U.S. meat imports in 1973 despite higher U.S. prices. The principal suppliers of U.S. meat imports subject to the law continue to be Australia and New Zealand.

EC Reduces Export Subsidy on Pork Products

On February 1, 1974, the European Community (EC) redued the export subsidies on canned hams and shoulders, as well as on lard. The previous subsidies on these products had been in effect since November 1973.

The canned ham subsidy was reduced 29 percent from 23 cents to 16.5 cents per pound. The canned shoulder subsidy was reduced 31 percent from 19 cents to 13 cents per pound and the lard subsidy was reduced 20 percent from 2.2 cents to 1.76 cents per pound.

EC pork prices, unlike those of beef, have not turned down. The pork reference price is about 19 percent above year-ago levels.

SUGAR AND TROPICAL PRODUCTS

Larger World Cocoa Bean Crop Being Harvested

World cocoa bean production for 1973-74 is now estimated at 1.45 million metric tons, an increase of 4.7 percent over the 1972-73 harvest of 1.39 million. The larger crop this year is mainly attributed to prospects of a 35-percent increase in South American production to 323,600 tons, reflecting a record Brazilian harvest and a recovery in Ecuador's production.

African production is forecast at 995,000 tons, down 3.8 percent from the 1972-73 outturn of 1,034,000 tons, as a result of smaller crops in Ghana and Nigeria. Latin American production is still expected to reach 91,700 tons, up over 17 percent from the previous year because of prospects of a larger crop in the Dominican Republic.

Reflecting a larger outturn in Papua, New Guinea, Asia and Oceania's production will likely reach 43,100 tons, up 21 percent over the 1972-73 level.

Estimates for major producing countries in thousands of tons, with 1972-73 data in parentheses, are as follows: Ghana, 365 (420); Nigeria, 240 (264); Brazil, 225 (159); Ivory Coast, 205 (181); Cameroon, 110 (100); Ecuador, 55 (42); Dominican Republic, 39 (28); and Papua, New Guinea, 28 (22).

More information will appear in the February 28 issue of *World Agricultural Production and Trade.*

Mexico Ups Payments To Henequen Producers

The Mexican Government announced on January 21 that the official agency, Cordemex, will pay henequen producers a price of 14.5 U.S. cents a pound instead of 10.4 U.S. cents, the former amount. This is the fourth price increase in the last 18 months, and insures an increase in producers' annual income from US$11.5 million to US$40 million.

The boost followed an increase in Cordemex's productivity and higher world prices for both raw fiber and manufactured twine.

Mexico is the principal supplier of baler and binder twines to the United States, accounting for one-third of total U.S. imports of 251 million pounds in 1973. Over half of total 1973 imports of raw sisal and henequen fibers of 71 million pounds also came from Mexico.

FATS, OILS, AND OILSEEDS

World Palm Oil Output and Exports Up in 1974 and 1975

World output and exports of palm oil are expected to be up in 1974 and to be even higher in 1975.

Based on reports from various sources, the Foreign Agricultural Service forecasts 1974 world palm oil production at 2.54 million tons and believes the following year's output may reach 2.8 million tons.

World exports of palm oil in 1974 are estimated at 1.5 million tons, or 223,000 tons above the 1973 volume. In 1975, world exports are expected to grow by 227,000 tons to a volume of 1.7 million tons.

A report from Malaysia says West Malaysia's palm oil production in 1974 will total 914,000 tons, up 20 percent from that of 1973. Sabah oil output for 1974—at 117,000 tons—will be up sharply from the 76,000 tons produced a year earlier. (All tons are metric.)

West Malaysia's exports are estimated at 869,000 tons, up 19 percent from the previous year. All of Sabah's production is exported. The report also indicates another 20-percent increase in output and exports for 1975. Thus it appears the United States will face increased competition from Malaysian palm oil.

Chilean Nutrition Team Buys U.S. Protein

A high-level Chilean Government-industry team recently toured the United States to buy or arrange for future purchases of blended food products and soybean protein processing equipment. Made under the auspices of the American Soybean Association and FAS, the 4-day trip included contacts with U.S. soybean processors and equipment makers.

The team bought manufacturing equipment to extrude protein and has made arrangements for commercial supplies of wheat-soy blend and corn-soy blend and some soy protein.

The Chilean Government plans to extrude protein from the blends, reprocess and reblend it with sugar and milk solids for use in mother and child feeding programs. Total commercial imports of 20,000-30,000 metric tons will be required.

Norwegian Fishmeal Output, Exports May Fall in 1974

According to a report from Copenhagen, the 1974 capelin-quota restrictions may reduce Norway's total fish catch by 20 percent and cut oil and meal production correspondingly. Thus, Norwegian fishmeal production in 1974 may drop to 280,000 metric tons compared with 350,000 in 1973. Exports of meal will likely be 260,000 metric tons compared with 325,000 in 1973.

Oil production is now expected to be 160,000 metric tons, compared with 200,000 metric tons in 1973. Fish oil exports will be 100,000 metric tons, compared with 125,000 metric tons last year.

The capelin is a salmonoid fish related to the smelt and found in some Arctic regions.

Canada's Rapeseed Exports Up; Flaxseed Sales Drop Off

According to preliminary shipping statistics, Canadian exports of rapeseed during calendar 1973 rose to 1.18 million metric tons—about 106,000 tons above the 1972 volume. The increase resulted from stock depletion reflecting strong export demand at sharply higher prices. In 1974, exports could decline somewhat because of reduced stocks and a smaller harvest late in 1973.

Canadian flaxseed exports fell to about 445,000 metric tons—150,000 tons below the 1972 volume. The decline reflected a sharp reduction in 1972 output to less than one-half the average tonnage produced in 1970 and 1971 and the smallest in 5 years.

Combined Canadian exports of rapeseed and flaxseed in calendar 1973 were equal to the protein fraction of 32 million bushels of soybeans—5 million tons less than in the previous calendar year.

GENERAL

Philippines Records First Trade Surplus in 10 Years

A 63-percent jump in exports more than offset a 26-percent rise in imports to bring a Philippine trade surplus of US$245.4 million in 1973, according to the *Weekly Bulletin of the Philippine-American Chamber of Commerce.* This is the first trade surplus recorded in the Philippines since 1963.

Total Philippine exports were $1,799.4 million, while imports totaled $1,544 million. Top export money earners, given in millions of dollars, were: Sugar (mostly to the United States), 278.2; copra, 149.8; coconut oil, 149.7; desiccated coconut, 31.6; and bananas and plantains, 27.6.

The large trade surplus contributed heavily to an increase in the Philippines's international reserves from US$282 million at the end of 1972 to US$835 million at the end of 1973.

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Soviet Farm Output Up

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million tons. Food industry output of butter rose about 15 percent to 1.2 million tons.

Retail sales of food through the State distribution system (which does not include collective farm markets) reflected agricultural changes last year, and were also affected by foreign trade. The following percentage increases from 1972 levels were reported: Vegetables, 19; eggs, 13; margarine, 10; butter, 8; fruits, 7; whole milk products, 6; cheese, 6; vegetable oils, 5; sugar, 4; and meat and meat products, 3.

Total foreign trade increased 16.4 percent in 1973, but no indication was given as to agriculture's share of this trade.

The Soviet Union is trying to meet two sets of goals in the ninth 5-year plan. One category sets targets to be achieved by 1975. Both grains and cotton exceeded these targets last year, as did cotton in 1972. But for livestock products—the main focus of current efforts—much improved performance is still needed to reach 1975 targets, with the exception of eggs. Thus, the USSR, which seems to place a high priority on meeting these goals, is likely to import feedstuffs, when necessary.

The other category outlines average annual goals. For cotton and eggs, no problems should be forthcoming in meeting the average output needed in each of the next 2 years. Average or better weather would mean fulfillment for grains. For the other major commodities, only exceptional production in both 1974 and 1975 will be enough.

Japanese Cotton

Continued from page 6

to make adjustments on bale weights to reduce the amount of cotton shipped at relatively low contract prices—thus jeopardizing their cotton supply.

Cotton yarn prices on the Japanese Commodity Exchange rose to record levels in December. Some argue that this is the direct result of the energy situation; others that it reflects the unbalanced situation between spinning and weaving activity.

Regardless of the reason, there is little doubt that the cotton market is strong in the current crop year. Moreover, early indications point to imports from the United States during the 1974–75 season of as much as 1.2 to 1.5 million bales.

Kenya Upgrades Herds

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courage production of higher quality beef. Prices for higher grades were increased at a faster rate than for the lower grades. In 1968, producers received 18 cents per pound, cold-dressed weight, for FAQ beef. By 1972, this price had been increased to 27 cents. In addition, KMC offers premiums of 1.25 cents per pound for cattle fed on lots.

Thus, the industry's future is closely tied to several separate but related production and pricing problems. Can export markets be expanded without creating painful disruptions in domestic beef distribution patterns? Will world beef demand continue at its present strong level? Kenya already is exporting beef at optimum levels. If all customers—both foreign and domestic—are to be taken care of, substantial expansion of the industry will be necessary.

With the promise of increased foreign earnings in the European market as an enticing production incentive, the Kenyan beef industry may well be on its way to a new and profitable era of successful operation.

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